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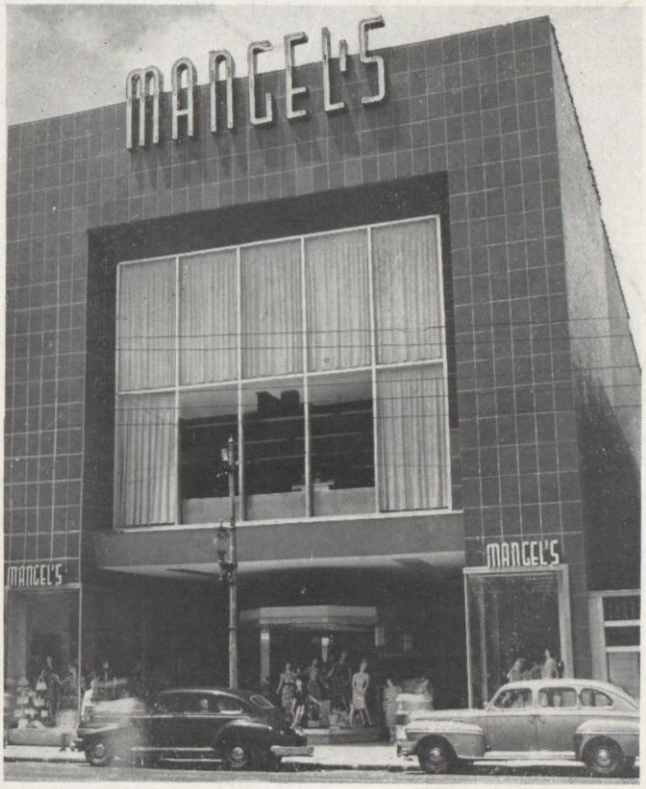
# ANNUAL REPORT

## YEAR ENDED DECEMBER 31, 1947




# MANGEL STORES CORPORATION

AND SUBSIDIARIES

Since 1938, Mangel Stores Corporation has established a program of improving and modernizing profitable stores and closing unprofitable units. The results of this basic policy find reflection in the following tables:

| Year Ending December 31 | Number of Stores | Net Sales | Net Working Capital |
|---|---|---|---|
| 1941 | 97 | $11,454,613.03 | $1,128,834 |
| 1942 | 97 | 15,566,237.08 | 1,316,707 |
| 1943 | 97 | 20,684,145.94 | 1,706,992 |
| 1944 | 95 | 22,425,419.04 | 2,283,623 |
| 1945 | 94 | 23,446,407.92 | 3,492,815 |
| 1946 | 92 | 21,745,066.08 | 2,910,000 |
| 1947 | 90 | 22,673,345.52 | 3,009,757 |

| Year Ending December 31 | Provision for Federal Taxes | Transferred to Surplus | Earnings Per Common Share |
|---|---|---|---|
| 1941 | $ 231,665 | $342,940 | $1.47 |
| 1942 | 911,335 | 564,830 | 2.64 |
| 1943 | 1,681,469 | 799,748 | 4.14 |
| 1944 | 2,133,812 | 933,026 | 4.89 |
| 1945 | 2,072,438 | 917,976 | 3.57* |
| 1946 | 459,604 | 653,857 | 2.55 |
| 1947 | 382,845 | 691,981 | 2.69 |

*By reason of the conversion during 1945 of 17,495 shares of convertible preferred stock for 104,970 shares of common, there were outstanding at December 31, 1945, 256,802 shares of common stock as against 176,755 shares of common stock at December 31, 1944. There is no change in the number of shares of common stock outstanding at December 31, 1947.

February 20, 1948

*To the Stockholders of*

MANGEL STORES CORPORATION:

Presented herewith are the consolidated statement of income of the Corporation for the year ended December 31, 1947, and the consolidated balance sheet as of that date.

Sales for the year were $22,673,345, representing an increase of $928,279 over the previous year. Net income, after taxes, and special credit were $691,981, an increase of $38,124, over the previous year. In the opinion of the Management, the results of operation for 1947 were most satisfactory.

Regular quarterly dividends of 25c per share were paid during 1947, and it is the desire of your Management that such regular quarterly dividends be continued.

The standing policy to improve and expand existing profitable units and to add additional units where justified were furthered during the past year. Larger units, which replaced smaller stores, were opened in Austin and Dallas, Texas; Charleston, South Carolina; Duluth, Minnesota; and Memphis, Tennessee. The Philadelphia store also was considerably enlarged. Leases could not favorably be renewed in Washington, Pennsylvania, and Shreveport, Louisiana, and these two small units were discontinued.

Plans for 1948 include the enlargement of stores in Fort Smith, Arkansas, and Miami, Florida, and for the opening of additional units in Jacksonville and Miami, Florida.

In order to provide funds for our expansion program without restricting working capital, your management obtained a long term bank loan of one million dollars during this past year on very favorable terms.

In the opinion of the Management, the general financial condition of your Company is excellent, and will enable it advantageously to meet present conditions and those of the foreseeable future.

Respectfully submitted,

SOL MANGEL
*President.*

# MANGEL STORE

## AND SUBS

## CONSOLIDATED BALANCE SHEE

### ASSETS

| | | | |
|---|---|---|---|
| **CURRENT ASSETS:** | | | |
| Cash on hand and in banks | | | $2,069,941.41 |
| United States Bonds and Treasury Certificates — at cost, plus accrued interest | | | 20,617.72 |
| Note receivable — installments receivable within one year | | | 33,333.36 |
| Accounts receivable — less reserve (including employees' accounts) | | | 1,058,172.53 |
| Merchandise inventory — at the lower of cost or market, based upon the retail method of inventory valuation | | | 2,619,535.13 |
| TOTAL CURRENT ASSETS | | | 5,801,600.15 |
| **OTHER ASSETS:** | | | |
| Loans to employees — less reserve | | $15,062.81 | |
| Sundry deposits and investments | | 3,648.40 | |
| Note receivable in installments through October 1, 1949 — less current installments shown above | | 27,777.72 | |
| Estimated refund of Federal taxes on income under carry-back provisions of the Internal Revenue Code | | 88,350.00 | 134,838.93 |
| **FIXED ASSETS—At Values as Appraised for the Management in June 1932 with Subsequent Additions at Cost:** | | | |
| Real estate — subject to mortgages shown contra | $ 324,081.55 | | |
| *Less*: Reserve for depreciation | 26,544.18 | 297,537.37 | |
| Furniture and fixtures, leasehold improvements and truck | 3,917,250.35 | | |
| *Less*: Reserves for depreciation and amortization on additions subsequent to June 1932 | 1,446,283.45 | 2,470,966.90 | 2,768,504.27 |
| **DEFERRED CHARGES:** | | | |
| Unexpired insurance | | 43,215.63 | |
| Prepaid taxes, expenses, etc. | | 102,101.79 | |
| Stationery and supplies | | 8,450.00 | 153,767.42 |
| GOODWILL | | | 1.00 |
| | | | $8,858,711.77 |

The Notes to Accounts, appended hereto, are an integral part

### NOTES TO ACCOUNTS

NOTE A—Under a loan agreement dated July 1, 1947 the corporation borrowed from a bank an aggregate amount of $1,000,000.00 evidenced by ten (10) notes, of $100,000.00 each, which become due semi-annually from January 1, 1948 to July 1, 1952.

The provisions of the loan agreement place certain restrictions on the creation of other loans and the depletion of consolidated working capital and provide that dividends will not be declared or paid subsequent to July 1, 1947 except out of consolidated net earnings subsequent to December 31, 1946 and that such dividends will be limited to $257,000.00 per year, plus 25% of any such earnings in excess of $257,000.00 in any one year.

Under these provisions, an amount of $563,580.00 of the aggregate surplus at December 31, 1947 is not subject to the dividend restrictions, except that the maximum dividend payment out of this amount in any one year is limited to $257,000.00.

# S CORPORATION

## IDIARIES

## T AS AT DECEMBER 31, 1947

### LIABILITIES

| | | | |
|---|---|---|---|
| CURRENT LIABILITIES: | | | |
| Notes payable — bank, maturing within one year — Note A | | | $ 200,000.00 |
| Accounts payable — merchandise, less discounts | | | 1,087,956.79 |
| Accounts payable — expenses, taxes, etc. | | | 1,094,310.66 |
| Customers' credits | | | 110,065.57 |
| Mortgage installments payable within one year | | | 5,748.58 |
| Reserve for Federal income taxes | | $ 442,793.96 | |
| *Less*: United States Treasury Savings Notes—at cost, plus accrued interest | | 149,032.50 | 293,761.46 |
| TOTAL CURRENT LIABILITIES | | | 2,791,843.06 |
| NOTES PAYABLE—BANK, Less Notes Due Within One Year Shown Above—Note A | | | 800,000.00 |
| MORTGAGES ON REAL ESTATE PAYABLE IN INSTALLMENTS—Less Current Installments Shown Above: | | | |
| Mortgage payable through September 1, 1964 | | 101,845.38 | |
| Mortgage payable through January 1, 1966 | | 51,819.11 | 153,664.49 |
| TOTAL LIABILITIES | | | 3,745,507.55 |
| CAPITAL STOCK AND SURPLUS: | | | |
| Common Stock—Par Value $1.00 Per Share: | | | |
| Authorized | 300,000 shares | | |
| Issued | 282,470 shares | $282,470.00 | |
| *Less*: Treasury stock | 25,668 shares | 25,668.00 | |
| Outstanding | 256,802 shares | 256,802.00 | |
| Surplus — Exhibit B — Notes A and B: | | | |
| Capital surplus | | 789,506.00 | |
| Earned surplus — since January 1, 1936 | | 4,066,896.22 | 4,856,402.22 | 5,113,204.22 |
| | | | $8,858,711.77 |

of this statement and should be read in conjunction herewith.

NOTE B—The consolidated earned and capital surplus includes undistributed earnings of subsidiaries which may be subject to Federal income taxes if and when received by the parent company in the form of dividends.

GENERAL—The accompanying financial statements are subject to final determination of Federal, state and local taxes.

EXHIBIT B

# MANGEL STORES CORPORATION
## AND SUBSIDIARIES

### CONSOLIDATED STATEMENT OF SURPLUS
### FOR THE YEAR ENDED DECEMBER 31, 1947

| | | |
|---|---|---|
| CAPITAL SURPLUS — Notes A and B: | | |
| Balance as at December 31, 1946 and December 31, 1947—Exhibit A | | $ 789,506.00 |
| EARNED SURPLUS (Since January 1, 1936)—Notes A and B: | | |
| Balance as at December 31, 1946 | $3,631,717.22 | |
| *Add*: Net income for the year after special credit—Exhibit C | 691,981.00 | |
| | 4,323,698.22 | |
| *Less*: Dividends paid on common stock at the rate of $1.00 per share | 256,802.00 | |
| EARNED SURPLUS (since January 1, 1936) as at December 31, 1947—Exhibit A | | 4,066,896.22 |
| | | $4,856,402.22 |

The Notes to Accounts, appended hereto, are an integral part of this statement and should be read in conjunction herewith.

EXHIBIT C

### CONSOLIDATED STATEMENT OF INCOME
### FOR THE YEAR ENDED DECEMBER 31, 1947

| | |
|---|---|
| Net sales, including leased departments' sales | $22,673,345.52 |
| Cost of sales, general, administrative and selling expenses | 21,299,651.24 |
| | 1,373,694.28 |
| Provision for depreciation | 276,564.09 |
| | 1,097,130.19 |
| Other income | 35,547.94 |
| | 1,132,678.13 |
| Other charges | 81,201.59 |
| Net income for the year before Federal income taxes and special credit | 1,051,476.54 |
| Provision for Federal income taxes | 382,845.54 |
| Net income for the year before special credit | 668,631.00 |
| SPECIAL CREDIT: | |
| Estimated refund under carry-back provisions of the Internal Revenue Code | 23,350.00 |
| Net income for the year after special credit, transferred to earned surplus —Exhibit B | $ 691,981.00 |

The Notes to Accounts, appended hereto, are an integral part of this statement and should be read in conjunction herewith.

# ACCOUNTANTS' REPORT

TO THE BOARD OF DIRECTORS
MANGEL STORES CORPORATION
NEW YORK, N. Y.

We have examined the consolidated balance sheet of the Mangel Stores Corporation and subsidiaries as at December 31, 1947 and the consolidated statements of surplus and income for the year then ended; have reviewed the system of internal control and the accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying consolidated balance sheet and related consolidated statements of surplus and income, together with the notes to accounts, present fairly the consolidated position of the Mangel Stores Corporation and subsidiaries at December 31, 1947 and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

New York, N. Y.
February 17, 1948

S. D. LEIDESDORF & CO.

# MANGEL STORES

## ARE LOCATED IN THE FOLLOWING CITIES

ALTOONA, PA.
AMARILLO, TEXAS
ANNISTON, ALA.
ASHEVILLE, N. C.
ATLANTA, GA.
AUBURN, N. Y.
AUGUSTA, GA.
AUSTIN, TEXAS
BATON ROUGE, LA.
BEAUMONT, TEXAS
BIRMINGHAM, ALA.
BLUEFIELD, W. VA.
CHARLESTON, S. C.
CHARLESTON, W. VA.
CHARLOTTE, N. C.
CHATTANOOGA, TENN.
CHICAGO, ILL.
COLUMBIA, S. C.
COLUMBUS, GA.
CORPUS CHRISTI, TEXAS
CLINTON, IOWA
DALLAS, TEXAS
DAVENPORT, IOWA
DULUTH, MINN.
FOND DU LAC, WIS.
FORT SMITH, ARK.
GREEN BAY, WIS.
GREENSBORO, N. C.
GREENVILLE, S. C.
HOUSTON, TEXAS
HOT SPRINGS, ARK.
HUNTINGTON, W. VA.
JACKSONVILLE, FLA.
JACKSON, TENN.
JACKSON, MISS.
JAMESTOWN, N. Y.
JOHNSTOWN, PA.
JOPLIN, MO.
KANSAS CITY, MO.
KNOXVILLE, TENN.
LAREDO, TEXAS
LINCOLN, NEB.
LEXINGTON, KY.
LITTLE ROCK, ARK.
LYNCHBURG, VA.
MADISON, WIS.
MACON, GA.
MEMPHIS, TENN.
MERIDIAN, MISS.
MIAMI, FLA.
MIAMI BEACH, FLA.
MOBILE, ALA.
MONROE, LA.
MONTGOMERY, ALA.
MUSKOGEE, OKLA.
NEW ORLEANS, LA.
OMAHA, NEB.
ORLANDO, FLA.
OSHKOSH, WIS.
PADUCAH, KY.
PENSACOLA, FLA.
PHILADELPHIA, PA.
PINE BLUFF, ARK.
RALEIGH, N. C.
ROCKFORD, ILL.
SAVANNAH, GA.
SAN ANTONIO, TEXAS
SELMA, ALA.
SHEBOYGAN, WIS.
SHAWNEE, OKLA.
STEUBENVILLE, OHIO
ST. LOUIS, MO.
ST. PETERSBURG, FLA.
ST. PAUL, MINN.
SPARTANBURG, S. C.
SPRINGFIELD, MO.
SYRACUSE, N. Y.
TAMPA, FLA.
TEXARKANA, TEXAS
TROY, N. Y.
TUSCALOOSA, ALA.
WACO, TEXAS
WATERTOWN, N. Y.
WHEELING, W. VA.
ZANESVILLE, OHIO

## MANGEL STORES CORPORATION

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